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Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

**October 20, 2011**

**Re: Notice of *Ex Parte* Presentation in WC Docket Nos. 11-42, 10-90, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51; MM Docket No. 00-168; MB Docket No. 09-182.**

Dear Ms. Dortch,

This letter is to advise you that on October 18, 2011, Free Press President & CEO Craig Aaron and Policy Director Matt Wood met with Commissioner Mignon Clyburn; Dave Grimaldi, her Chief of Staff and Media Legal Advisor; Angela Kronenberg, Commissioner Clyburn's Wireline Legal Advisor; and Louis Peraertz, Commissioner Clyburn's Legal Advisor for Wireless, International, and Public Safety Issues.

During the meeting, the Free Press participants discussed the Intercarrier Compensation (ICC) and Universal Service Fund (USF) proposals that have been filed in several of the above-captioned dockets by various carriers and associations. We also discussed briefly various media topics and initiatives undertaken by Free Press in those dockets.

Specifically, we shared Free Press's views on the importance of closely examining broadcast ownership diversity in the pending quadrennial review. We described the necessity for swift Commission action to implement improved broadcast disclosure rules. Finally, we outlined our organization's research and advocacy on news sharing practices that amount to what Free Press has described as "covert consolidation" – contractual arrangements that frequently result in the joint production and airing of identical local news content by two or three purportedly competing broadcast outlets in a market – effectively transferring control of multiple station licenses to a single entity without Commission permission.

In our presentation concerning ICC and USF reform, the Free Press participants reiterated the arguments and details from its prior presentation of October 3, 2011 in the above-captioned proceedings (other than WT Docket No. 11-65). Specifically, Free Press made clear its concerns that the industry proposals, or alternative systems derived from them, would lead to a net loss for consumers. If adopted in anything resembling their current form, these industry-authored proposals would permit carriers to increase the subscriber line charge (SLC) or impose other "recovery" charges on rural and urban phone customers alike, raising prices for ordinary consumers without any demonstration that the carriers' costs have increased or that the higher recovery is needed for any reason other than to pad profit margins further.

Free Press noted that many discussions of ICC and USF reform omit any proposals to address adoption of broadband services, a problem arguably greater than service deployment. Free Press urged the Commission to seek data on forward-looking costs of providing service in high cost areas, and prevent any increase in SLCs or other such charges without identifying a true, carrier-specific need for the increase. Free Press also suggested that at the very least Lifeline recipients must be held harmless from any price increase in the SLC or other such mechanisms, so that the poorest consumers are not further harmed by the reform process. Finally, Free Press expressed concern that subsequent legal challenges to any rules adopted by the Commission could result in a final outcome where the Commission pays more money to the least deserving carriers, but cannot effectively enforce the broadband deployment obligations that the agency had intended to impose in exchange.

With respect to broadcast ownership and the pending quadrennial review, we emphasized that sound policymaking, as well as the directive of the Third Circuit, require the Commission to evaluate the impact of all of its media ownership rules on ownership opportunities for women and people of color, and to make diversity a central focus of its 2010 review. Increasing ownership opportunities for under-represented groups would improve the diversity of viewpoints on the air. It also would serve the public interest by remedying the dearth of broadcast ownership by women and people of color, and by improving service to underserved segments of the community.

In regard to broadcast disclosure, we related Free Press's concern that the item tentatively slated for the Commission's October 27th open meeting move the proceeding forward on an expedited basis. That proceeding, which is over a decade old, has generated a thorough record supporting the public's need for better data on the amount of local news, government affairs, and electoral programming that broadcasters provide to local communities. We explained that the public has waited too long already for meaningful access to this information and that the disclosure item currently under consideration should not needlessly delay FCC adoption of such measures.

Finally, we detailed Free Press research on "covert consolidation," and a Free Press education and advocacy campaign called "Change the Channels" that illustrates the scope of this problematic practice. Covert consolidation among local TV stations, often accomplished through local marketing agreements or shared services agreements, severely reduces the number of diverse and independent sources of local news and information programming. These types of arrangements frequently result in the joint production and airing of identical or nearly identical local content on purportedly competing broadcast outlets, and as a result allow broadcasters to skirt the Commission's local television ownership rules.

For example, we called Commissioner Clyburn's attention to a video prepared by Free Press (available at <http://www.savethenews.org/blog/11/10/20/great-local-news-heist>) that illustrates the extent of news sharing occurring in the Charleston, South Carolina market, where local network affiliates reputedly owned by two different licensees employ the same on-air staff and routinely air identical news, weather, and sports programming.

In sum, these arrangements decrease competition for audience share and local news production, as well as competition for advertising and retransmission consent revenues. Free Press urged the Commission to consider the impact of these arrangements in the media ownership proceeding, and to develop standards that require increased disclosure for such arrangements so as to prevent circumvention of media ownership rules.

Please contact the undersigned with any questions regarding the substance of this *ex parte* notification.

Sincerely,

/s/ Matthew F. Wood

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CC via email: Commissioner Mignon Clyburn  
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